

WHAT HAPPENS IN ESCROW SETTLEMENT?

An escrow is an arrangement in which a disinterested third party, called an escrow holder or settlement agent, holds legal documents and funds on behalf of a buyer and seller, and distributes them according to the buyer's and seller's instructions.

People buying and selling real estate often open a sale transaction with the settlement agent for their protection and convenience. The buyer can instruct the settlement agent to disburse the purchase price only upon the satisfaction of certain prerequisites and conditions. The seller can instruct the settlement agent to retain possession of the deed to the buyer until the seller's requirements, including receipt of the purchase price, are met. Both rely on the settlement agent to carry out faithfully their mutually consistent instructions relating to the transaction and to advise them if any of their instructions are not mutually consistent or cannot be carried out.

Commonwealth Title provides professional escrow settlement services that are a convenience for the buyer and seller because both can move forward separately but simultaneously in providing inspections, reports, loan commitments and funds, deeds and many other items, using settlement as the central depositing point. If the instructions from all parties to the transaction are clearly drafted, fully detailed and mutually consistent, the settlement agent can take many actions on their behalf without further consultation. This saves time and facilitates the closing of the transaction.

The settlement process was developed to help facilitate the sale or purchase of your home. The settlement agent accomplishes this by:

- Acting as the impartial "stake-holder," or depository of documents and funds
- Processing and coordinating the flow of documents and funds
- Keeping all parties informed of progress on the escrow
- Responding to the lender's requirements
- Securing a title insurance policy
- Obtaining approvals of reports and documents from the parties as required
- Prorating and adjusting insurance, taxes, rents, etc.
- Recording the deed and loan documents
- Maintaining security and accountability of monies owed and owing.